

CableFAX Daily™

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What the Industry Reads First

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DVR Dissection: Monday Morning Quarterbacking CVC's RS-DVR

Last week's Solicitor General brief that urged the Supreme Court not review **Cablevision's** network DVR case isn't just a potential victory for cable. It could also be a setback for DBS operators, says one Wall Street analyst. In a research note Mon, **Sanford Bernstein's** *Craig Moffett* called network DVR a "huge differentiator" for cable vs satellite as it would let ops offer DVR functionality to every TV outlet in a home with a digital set-top. "The satellite operators will be forced to operate at a significant technological and economic disadvantage. They simply cannot cost effectively offer DVRs in every room for every subscriber," Moffett wrote. Meanwhile, successful deployment of a remote storage DVR could open up some new business models, **In-Stat** principal analyst *Gerry Kaufhold* said during sister pub **Communications Technology's** recent PPV Webcast (www.cable360.net/ct/webcasts). "A service provider could use that RS-DVR approach to provide secure digital storage lockers up in the headend," he said. "Just think of backing up all of your personal family photographs and your home videos up in the network as a service you pay \$10/month for, but now once it's up in the network and you can access that content from anywhere in world when traveling or you can distribute to a buddy that list you approve." The Supreme Court could still opt to hear the case, but such a move would be unusual. It's expected to decide this month. According to Bernstein, CVC COO *Tom Rutledge* said 2 weeks ago that the MSO would roll out its 1st product based on the tech this summer. The remote-storage DVR could end up saving Cablevision \$75-100 per set-top and \$50 on a truck roll, plus increase DVR penetration to the mid 30% level by year-end '10, according to **Collins Stewart's** *Tom Eagan*. **Pali** analyst *Rich Greenfield* added a caveat to his research note: "How Cable Operators Could Screw Up RS-DVR." The answer, according to Greenfield, is restricting the ability to fast forward content. "It's not too hard to imagine cable operators winning the right to put content on their broadband portals (**TV Everywhere**), in exchange for restricting the functionality of RS-DVR. That being said, we believe any meaningful changes to current DVR rules, would likely mitigate the key benefits of RS-DVR..." he concluded. The disabling fast-forward issue came up during *CT's* Webcast last week. "The RS-DVR solution is to mimic what we have in the in-home, so [fast-forwarding] is a feature that they have in the home that's being transferred to the network," said *Glen Hardin*, **Time Warner Cable** chief architect, video systems. "So, yeah, they should be able to fast-forward." One possibility raised in the discussion is the idea of overlaying an ad when viewers fast-forward on an RS-DVR.

Tiered Usage: **Time Warner Cable** is in the spotlight again after changing its Terms of Service. The updated subscriber agreement includes language allowing the MSO to move a customer to a higher tier of HSD service with higher monthly charges or other charges and fees if a consumer exceeds any limits specified for their tier of HSD service. **Public Knowledge** claims that the changes not only open the door for bandwidth caps, but network management language in the TOS allows for the prioritization of TWC commercial subscriber traffic. The public interest group asked Congress, the **FCC** and **FTC** to conduct inquiries into TWC's practices. "Time Warner Cable believes that our terms of service should be a document that allows a customer to decide whether or not they'd like to purchase our service

The C-SPAN Networks are changing the satellite transmission of C-SPAN2 & C-SPAN3.
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based on full disclosure of the techniques we are or may use to manage our network and improve service,” the MSO said in a statement. “In a dynamic and constantly changing business like high speed Internet access, we believe that, while we are not legally obligated to provide such detailed terms before we implement a new technique or product structure, it is the best way to ensure that customers have all of the facts before they purchase the product. We have announced no change to our plans surrounding consumption based billing at this time.”

The Chase: News Corp chmn/CEO *Rupert Murdoch* is pursuing DirecTV pres/CEO *Chase Carey* for a potential return to News' exec ranks, according to reports. The parties are discussing Carey's replacement of News Corp pres/COO *Peter Chernin*, who's leaving the company when his contract expires Jun 30, although it's unclear what title Carey would potentially assume. After serving as News Corp co-COO from '96-'02, Carey went to DirecTV, which would have to release him from a contract that runs through '10 if he's to rejoin Murdoch. Shares of News (+6.1%) jumped Mon during a sizzling market rally, as did DirecTV (+2.3%) shares despite huge changes afoot at the DBS op. Early last month (*Cfax*, 5/5), **Liberty Media** announced plans to spin off **Liberty Ent** and merge it with DirecTV, which through the deal would assume ownership of 3 RSNs. Currently, Carey is slated to retain his pres/CEO post following the transaction. **Collins Stewart** believes a departure by Carey, “likely a voice to keep DirecTV independent,” would take the DBS op “one step closer to being sold to **AT&T**, which would be a significant positive.” Liberty Media CEO *Greg Maffei* told the *AP* last month that a sale of the DBS op following the spinoff is possible.

In the States: Comcast put to work in New England a “rapid response team,” which through Jun 12 is offering regional customers who need a DTV solution same-day cable TV installs (service orders must be made by noon). Nationally, the program guarantees installation within 48 hours. -- **Time Warner Cable's** central NY div began offering 100-HD channels Sun to its Syracuse lineup. The entire division should reach the 100-HD channel mark this month. The div has added 48 new high-def channels since Jan 1. Additionally, TWC will soon begin delivering its **News 10 Now** and **Time Warner Cable Sports** net in HD in late June. -- 1 of **Charter's** main fiber optic lines in WI was damaged Mon by a construction vehicle, knocking out all of the MSO's services in the Madison, Oregon, Brooklyn, and Fitchburg areas and its carriage of local stations in Baraboo and Dodgeville. Repairs were expected to be completed by 5:30 ET.

At the Portals: The Parents TV Council wants followers to contact their senators and “demand” they appoint someone to the FCC who will take a stand on indecency. Former NTIA head *Meredith Attwell Baker's* name continues to pop up as a likely candidate for the seat vacated by *Deborah Taylor Tate*. The term for *Robert McDowell*, the sole Republican on the current Commission, is set to expire this month. It seems the PTC doesn't think he's indecency-focused enough since they don't mention reappointing him in their missive. “Three seats on the five-member commission are soon to be filled: The President's pick for Chairman, *Julius Genachowski*—about whom we know very little, especially regarding his intent to enforce decency standards—will almost certainly be confirmed by the Senate before the August recess. Senate Republicans will decide who will fill the remaining two seats.” -- **NCTA** pres/CEO *Kyle McStarrow* will be among the dozen or so officials making comments at the FCC's open meeting Wed on the state of the June 12 DTV transition.

Carriage: Comcast added **Setanta Sports** in the Atlanta-area cities of Alpharetta, Milton, John's Creek and Roswell, with plans to launch the net throughout the area. -- **Ski Channel** joined **U-verse TV's** free on demand lineup Mon.

CableFAX Daily will publish a special supplemental Mid-Day Report, June 11, profiling the winners of the Sales Executive of the Year Awards and the Sweet 16—with special mention of the 2009 Hall of Fame Inductees. For event information and list of Honorees go to: www.CableFAX.com/SEOY.

A Generous Distribution of the Mid-Day Report Will Include:

- Printed copies at the event for all attendees • CableFAX Daily Subscribers
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BUSINESS & FINANCE

Technology: Motorola will sell its DOCSIS 3.0-certified modems at nationwide Fry's Electronics stores, saying it's the 1st time such modems are available at retail. -- **Macrovision** licensed its IPG tech to **Sony**.

CableFAX Magazine: **Mediacom** was named **CableFAX: The Magazine's** top MSO of the year, while **NPG Cable** picked up the independent operator of the year award. Lifetime achievement awards are being given to **Insight's Pam Euller Halling** and **Antietam's Gene Hager**. The summer edition of **CableFAX: The Magazine** will feature all 21 winners, representing the best in indies and MSOs.

People: **NBCU** promoted **Jean-Briac Perrette** to pres, digital and affil distribution and content distribution strategy. -- **Rodolfo Martinez** was promoted to vp, prod, **ESPN Intl** and **ESPN Deportes**. -- **Discovery Comm** tapped **Brent Spitzer** as vp, digital ad sales, Eastern Region.

Business/Finance: According to the **WSJ**, **Playboy** is set to offer **Freedom Comm** boss **Scott Flanders** its CEO post, which **Christie Hefner** vacated in Jan. The potential hiring fueled intensified speculation that the **Bunny** is indeed preparing for a sale. -- Following **GM's** Mon bankruptcy filing, **Cisco** was tapped to replace the carmaker in the 30-company **Dow Jones** industrial average index beginning June 8, when **Travelers** will replace **Citigroup** in the index.

CableFAX Daily Stockwatch

Company	06/01 Close	1-Day Ch	Company	06/01 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMPHENOL:	35.07	1.68
BRITISH SKY:	29.54	0.87	APPLE:	139.35	3.54
DIRECTV:	23.01	0.51	ARRIS GROUP:	12.45	0.34
DISH:	16.93	0.53	AVID TECH:	14.67	0.43
DISNEY:	25.03	0.81	BIGBAND:	5.24	0.02
GE:	13.86	0.38	BLNDER TONGUE:	1.55	0.02
HEARST-ARGYLE:	4.48	0.00	BROADCOM:	26.53	1.05
NEWS CORP:	11.91	0.68	CISCO:	19.50	1.00
MSOS					
CABLEVISION:	19.58	0.55	CLEARWIRE:	4.46	0.01
COMCAST:	13.92	0.15	COMMSCOPE:	27.17	0.93
COMCAST SPCL:	13.13	0.13	CONCURRENT:	5.18	0.40
GCI:	7.30	0.69	CONVERGYS:	9.21	(0.04)
KNOLOGY:	8.12	0.12	CSG SYSTEMS:	14.13	0.36
LIBERTY CAPITAL:	14.69	0.80	EHOSTAR:	16.34	0.30
LIBERTY ENT:	24.90	0.74	GOOGLE:	426.56	9.33
LIBERTY GLOBAL:	14.35	0.53	HARMONIC:	6.11	0.35
LIBERTY INT:	6.26	0.40	INTEL:	16.50	0.78
MEDIACOM:	6.48	0.50	JDSU:	5.64	0.25
SHAW COMM:	17.24	(0.15)	LEVEL 3:	1.11	0.04
TIME WARNER CABLE:	30.44	(0.35)	MICROSOFT:	21.40	0.51
VIRGIN MEDIA:	9.01	0.31	MOTOROLA:	6.33	0.27
WASH POST:	365.43	5.43	OPENTV:	1.71	(0.04)
PROGRAMMING					
CBS:	8.74	1.36	PHILIPS:	19.94	0.99
CROWN:	2.18	(0.19)	RENTRAK:	10.18	0.48
DISCOVERY:	22.40	(0.05)	SEACHANGE:	7.83	0.39
EW SCRIPPS:	2.22	0.27	SONY:	27.34	1.11
GRUPO TELEVISA:	18.20	0.42	SPRINT NEXTEL:	5.00	(0.15)
HSN:	11.07	(0.23)	THOMAS & BETTS:	31.93	1.25
INTERACTIVE CORP:	16.57	0.37	TIVO:	7.00	0.00
LIBERTY:	28.43	1.38	TOLLGRADE:	5.32	(0.3)
LODGENET:	5.73	(0.07)	UNIVERSAL ELEC:	20.86	1.24
NEW FRONTIER:	2.14	(0.06)	VONAGE:	0.46	0.00
OUTDOOR:	7.02	0.02	YAHOO:	16.58	0.74
PLAYBOY:	2.97	(0.36)	TELCOS		
RHI:	3.30	0.18	AT&T:	24.64	(0.15)
SCRIPPS INT:	29.04	1.30	QWEST:	4.33	(0.03)
TIME WARNER:	24.01	0.59	VERIZON:	29.25	(0.01)
VALUEVISION:	0.81	0.06	MARKET INDICES		
VIACOM:	24.63	1.12	DOW:	8721.44	221.11
WWE:	12.90	0.42	NASDAQ:	1828.68	54.35
TECHNOLOGY					
3COM:	4.50	0.18			
ADC:	7.54	0.51			
ADVANTAGE:	1.92	(0.03)			
ALCATEL LUCENT:	2.64	0.10			
AMDOCS:	22.45	0.81			

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EYE ON ADVERTISING

Here Comes the Sun

Seen that cool SunChips ad showing, via time-lapse film, its package fully composting? The spot—a preview of its uber eco-friendly packaging that'll be out by next Earth Day—is the latest salvo in the **Frito-Lay** brand's decision to saturate its marketing with SunChips' focus on the environment. Gannon Jones, Frito-Lay VP, portfolio marketing, tells Cathy Applefeld Olson how cable is helping SunChips connect with its target audience of "enlightened snackers" and sheds light on launching a green campaign.

What have you learned about launching a green campaign?

GJ: Really true green brands don't treat green as a promotional strategy or a one-off. You need to embrace the philosophy entirely. We have made it core to the DNA of this brand. We committed to manufacturing SunChips with solar where we can, and were one of the first brands to purchase renewable energy credits. And we partnered with **Planet Green** around the rebuilding of Greensburg, Kan. [in the 2007 series documenting the aftermath of a tornado]. Our latest step is the packaging. So it really is a holistic strategy. One mistake some brands make is talking about what they are thinking of doing as opposed to actually doing it first.

How did you elevate your relationship with Planet Green to include the Greensburg project?

GJ: Discovery brought us the opportunity. Where we can find the fit between a cable network that has great reach for us, with a program that's a tremendous fit with our brand, that's exactly what we want. They were looking for help—we made a \$1 million financial commitment to help rebuild the downtown business center—and we also got involved in the content aspects.

So the goal these days is greater content integration?

GJ: We still buy media and advertising space with networks of course, but we are really looking for opportunities like Greensburg that present an opportunity for us

to tell our story, too, and get involved at a content level. We all know about the demise of the 30-second spot. We don't believe it's dead, but the more we can embed ourselves in the actual content, the better.

What other embedded content plays make sense?

GJ: This year, we've gotten involved with **National Geographic** on the back end [for the "Green Effect" contest]. There is a need to help facilitate others' green stories, and they are a great partner to develop programs with [and] that solicit viewers' ideas. We have a judging panel of high-profile people in the environmental space, and we are going to invite the winners to an event in Washington in October. We're trying to find the right partners who bring credibility but are willing to be creative with us in terms of developing advertising that's not just spots, but content. We believe that's the future of marketing; it's not just about buying ad space.

Does cable have an advantage there?

GJ: If you look at some of the Frito Lay brands, the reach is enormous. SunChips is still going after a narrower target, and cable absolutely provides us the opportunity to quite effectively reach our niche target audience.

What other networks are on your radar?

GJ: We also work with more of the broader-appeal cable networks like **USA, TBS, ABC Family, Lifetime**. We don't do custom partnerships with all of them, but we are trying to move to partnerships where we can.

Are network execs on board with content integration?

GJ: It's not universal. Early on, we were the ones knocking on doors. But as people recognize our credibility and commitment in this space, we're getting people, unsolicited, coming to us.

(Longtime entertainment industry reporter Cathy Applefeld Olson is delighted to be documenting media's wild ride into the 21st century).



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